



## OVERSEAS NEWS

# W German union leader attacks plan to cut taxes

BY ANDREW FISHER IN FRANKFURT

THE HEAD of West Germany's largest trade union, IG Metall, yesterday launched a strong attack on the Government's tax-cutting plans, calling instead for measures to promote employment.

However, the Government reaffirmed its plans for tax reforms, announcing also that it expected the economy to show a real average growth rate of 2.5 per cent up to 1991. This year, indications are that gross national product will rise only by 1.5 per cent.

Mr Franz Steinke, president of the 2.6m-strong metalworkers' union, said the proposed tax cuts would benefit high earners far more than the lower paid. The German trade union confederation would campaign for more jobs and against tax concessions for the well paid.

Union opposition to the tax reforms, seen by the Government as the best way to promote steady growth into the 1990s, has been building up for some weeks, as jobs have been under threat in such hard-pressed industries as steel, coal and shipbuilding.

Even within its own ranks, the centre-right coalition in Bonn has come up against objections to the tax changes,

which will reduce revenues of the regional states (Länder).

Mr Otto Schlecht, state secretary at the Economics Ministry, said implementation of the tax reform was a pre-condition of the continued growth being forecast for the next few years.

The reform package is designed to reduce Germany's overall tax burden by DM 50bn (\$27bn) between 1988 and 1990. The size of next year's cuts has been raised from DM 9bn to DM 14bn, partly as a response to widespread foreign calls for economic stimulation, especially from the US.

The Government intends to cut subsidies to help finance the tax moves, but discussions on this have yet to be completed. Mr Schlecht said the tax and subsidy cuts would help the German economy become more competitive and flexible. He did not think the forecast of 2.5 per cent growth up to 1991 was too optimistic, though it assumes faster expansion in investment by industry. Since 1982, he noted, the German economy had gained progressively in strength, with a basic annual trend of 2.5 per cent growth, despite short-term fluctuations above and below this.

## EC social fund plans remain unchanged

By William Dawkins in Brussels

THE EUROPEAN Commission yesterday confirmed it is sticking to its guns in its attempt to double in real terms EC structural funds for social and regional projects.

Its final proposals, published yesterday, contain almost no concessions to schemes' fiercest critics in Britain, West Germany and France, the EC's biggest budget contributors.

The proposals are strongly supported by the poorest Mediterranean countries most likely to benefit, but they are unlikely as they stand to attract member states' unanimous support, which is needed if they are to be put into effect. Diplomats yesterday voiced surprise that the scheme was hardly changed from earlier drafts.

EC regional and social funds would go up from Ecu 6.5bn (£4.48bn) to at least Ecu 13bn by 1992, the deadline for the creation of a genuinely free internal market. The aim is in part to help poorer member states adapt to greater competition, an argument that many in the richer North view with scepticism.

The northern member states might agree to a smaller increase, but Mr Grigorios Varfis, the Greek Commissioner in charge of the scheme, yesterday insisted that a doubling in funds was essential.

About three-quarters of the cash would be spent on industrially backward regions where incomes are less than 75 per cent of the average, a category which embraces a fifth of the community's population.

## Fiat considers suit against judge over bribery remark

BY ALAN FRIEDMAN IN MILAN

FIAT, the Turin-based car maker which is Italy's biggest private sector conglomerate, is considering legal action against an investigating judge who has alleged the involvement of Fiat executives in a local municipal bribery scandal.

Mr Vittorio Chiusano, Fiat's lawyer, yesterday described recent comments by Judge Sebastiano Sorbello as "defamatory" and said the car company had not decided on how to respond.

Judge Sorbello, who has been investigating the awarding of local Turin city contracts in 1981 for trams and traffic lights, has accused former Communist Mayor Diego Novelli and other politicians of having been involved in soliciting bribes from Fiat executives who eventually won the city con-

tracts. Mr Novelli said yesterday he too is considering legal action against the judge.

The Turin judge claimed in an Italian magazine interview that a Fiat executive had told him the request for bribes had been "forwarded to the appropriate office" inside Fiat headquarters.

Judge Sorbello said he had interrogated Mr Ubaldo Scasellati, a former director of the Fiat foundation, who later handled some Fiat contracts for Turin. According to the judge, Mr Scasellati told of having been asked for a bribe and having passed the request "to the appropriate office".

Mr Chiusano said yesterday that the judge's comments "imply that inside Fiat there is an office with responsibility for bribes and this is patently



Armed police lead away hijack suspect

## US economy achieves 2.6% growth

By William Hall in Washington

THE US economy grew at a real annual rate of 2.6 per cent in the second quarter of 1987, strengthening the Reagan Administration's confidence that the US economy will match its 3.1 per cent growth target for 1987.

The growth rate was slightly higher than market expectations and follows a revised 4.4 per cent growth rate in the first quarter of the year. The Administration had forecast at the start of the year that the economy would grow by 3.1 per cent in 1987, compared with 2.9 per cent in 1986, and Mr Malcolm Baldrige, the US Commerce Secretary, said yesterday he was confident the target growth rate could be achieved. Mr Baldrige said the economic future was not "perfectly smooth" and US home building could decline further. He said US car investment was on the high side and economic growth would have to take its strength from areas such as trade and business investment.

Unlike the previous two quarters, US consumer spending increased by \$12.5bn, or a seasonally adjusted annual rate of 2.1 per cent, in the second quarter led by a surge in durable goods, primarily motor vehicles. New residential fixed investment rose by \$5.2bn, or a 7.9 per cent real annual rate, and real exports increased by \$7.4bn in the latest quarter.

In current dollar terms the US gross national product increased by 6.7 per cent, or \$71.1bn in the second quarter. The US Commerce Department said that price, as measured by the implicit GNP price deflator, rose by 4.8 per cent in the second quarter which was down on the previous quarter's 4.2 per cent but higher than the recent average level.

The Commerce Department also released revised GNP figures for previous years and in all cases the growth rates were revised upwards. According to the latest data the US economy grew by 3.8 per cent in 1984, 3.0 per cent in 1985 and 2.9 per cent in 1986.

## Fiji chiefs split over ethnic splits

By Our Foreign Staff

FIJI'S TRADITIONAL chiefs have split on a plan aimed at giving political dominance to indigenous Fijians over ethnic Indians and on the equally controversial issue of whether to declare a republic.

The Great Council of Chiefs' meeting in the capital of Suva was yesterday to have agreed a plan to increase the number of seats in parliament and guarantee the majority to Melanesians. The post of Prime Minister would also have been reserved for Melanesians.

Fiji's elected government was toppled by an army coup on May 14.

Yesterday a bomb explosion, the third this week, rocked a car park at Nadi International airport. No one was injured.

Mendiola Bridge, where in January soldiers shot dead 15 peasants demanding genuine land reform. Police with truncheons lashed on riot shields for hours before the marchers arrived and then lined up on the bridge behind barricades of rolled barbed wire.

## Tamil leader flown to New Delhi for talks

BY K. K. SHARMA IN NEW DELHI

THE LEADER of the main Tamil militant group, Mr Velupillai Prabhakaran, was yesterday flown in an Indian helicopter from his hideout in Jaffna to New Delhi where he is expected to meet the Indian Prime Minister, Mr Rajiv Gandhi, this weekend.

Mr Gandhi and Indian officials are expected to put pressure on Mr Prabhakaran to agree to Sri Lankan President J. R. Jayawardene's proposals for an autonomous Tamil-majority homeland made up of the northern and eastern provinces of the island republic.

The proposal for such a political unit falls short of the Tamil demand for an independent homeland they call Eelam but this has been hammered out in detailed negotiations between Indian diplomats and the Sri Lanka President as a solu-

tion to the long-standing ethnic problem that has taken more than 6,000 lives in the past five years.

If all goes well in the next two weeks, Mr Prabhakaran is expected to fly to Colombo to be present at the signing of an agreement between the Sri Lankan Government and the Tamil militant group. The Tamil militant group has been announced for the signing by reports from Colombo and Madras, where the militants are based in India, suggest that this could take place as early as next Wednesday.

The Indians were yesterday cautious about the details of the agreements and would not say anything about Mr Gandhi's plans. An official spokesman said that the recent talks in Sri Lanka and Mr Prabhakaran's visit to New Delhi were part of

"an ongoing effort to find an early peaceful solution to the ethnic issue."

The efforts are continuing but for the present he would not say anything further or substantial. The decision to send an Indian helicopter to Jaffna to fly Mr Prabhakaran to Madras was taken in consultation with the Sri Lankan Government and is in marked contrast to the confrontation between the two countries last month when Indian Air Force fighters deliberately violated Sri Lanka's air space to drop supplies to the Tamils while a government offensive was in progress.

The Indian position has already been explained to the Tamil militant leaders in the last couple of days by diplomats belonging to the Indian High Commission in Sri Lanka

who flew to Jaffna from Colombo. This means that the Sri Lankans and the Indians are working together closely to bring about a solution to the ethnic issue.

From the Indian side, this means putting pressure on the militants who depend on the government for both political and military support apart from the refugee they are given in the south Indian state of Tamil Nadu. As such, it will be difficult for them to resist pressure from India.

A solution to the ethnic issue will also be important for Mr Gandhi since he will be seen to have contributed to settling a difficult problem at a time when he is under attack from his political opponents at home and faces a crisis that threatens his position as Prime Minister.

## US and EC fail to resolve row over Airbus

BY WILLIAM DUFFLORCE IN GENEVA

THE European Community and the US have failed to settle their dispute over European Government funding for the Airbus aircraft after three days of talks in Geneva. Their failure opens up the prospect of another major transatlantic trade conflict.

Mr Bruce Wilson, the assistant trade representative leading the US team, rejected an EC proposal for a new meeting in September saying that he would first have to seek guidance from his "political principals" in Washington.

He voiced disappointment with many aspects of the talks

in Geneva. The US had not achieved the kind of agreement for which it had been seeking. The European government support for the four-nation Airbus Industrie remained a major issue, Mr Wilson said.

Earlier US officials had warned their European counterparts that a failure to make progress over the dispute could trigger moves by Boeing and other US aircraft manufacturers to seek retaliatory action against Airbus under US trade laws.

A less sombre statement from the EC mission said the consultations had proved to be

constructive. All signatories to the civil aircraft code of the General Agreement on Tariffs and Trade had recognised their common interest in avoiding a trade conflict, the EC said.

Mr Wilson, however, said there had been no convergence of views over article 6 in the Gatt code, which defines the framework for government support. "The Community has one interpretation and we have quite another," he said.

Washington claims that loans from the French, West German and British Governments for developing Airbus aircrafts are not made on commercial terms

and allow Airbus to undersell US manufacturers.

The two sides have agreed on the compilation of a list of prohibited government inducements and on its possible content, but the EC stipulated, the list would have to be "illustrative and not exhaustive" rather than obligatory.

Comments by officials made it clear that the EC continues to resist all US attempts to curb the degree of public financial support for Airbus Industrie.

Senior trade officials to Gatt fear that the US-EC Airbus dispute can have a disruptive effect on the current trade liberalising Uruguay round.

## Rome court explains why Marcinkus arrest dropped

BY ALAN FRIEDMAN IN MILAN

ITALY'S Supreme Court last night explained its controversial decision a week ago to cancel the arrest warrant against Archbishop Paul Marcinkus, chairman of the Vatican bank, who is charged with involvement in the fraudulent bankruptcy which caused the 1982 crash of Banco Ambrosiano.

The court said Italian jurisdiction did not extend to the Vatican, basing its views on an article in the 1929 Lateran Pacts between Mussolini and the Holy See.

According to the court, article 11 of the 1929 concordat stipulated that the Italian state does not have the right to interfere with any central organs of the Catholic Church. However, the Vatican Bank, known in Italy as the Istituto per le Opere di Religione (IOR), has never been specified as a central organ, which means the court chose to interpret the pact in this manner.

The court's ruling went against the recommendation of its own state prosecutor, who argued that concrete proof existed of the involvement of 65-year-old American-born Mr Marcinkus in the affairs of the late Roberto Calvi, the Ambrosiano chairman who was found in June 1982 hanged from Blackfriars Bridge in London.

Dr MAHATHIR MOHAMAD, Prime Minister of Malaysia, wraps up a week-long visit to Britain today during which he has firmly re-established good relations and finally buried the ill-feeling associated with his "Bury Britain Last" campaign.

Tomorrow Dr Mahathir leaves for Budapest and Moscow where he will preach some of the same messages he brought to Britain—that Malay-

## Pretoria detains eight as others go into hiding

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN police arrested at least eight prominent anti-apartheid activists in pre-dawn swoops on homes in the Johannesburg area yesterday.

Mr Ashraf Cachalia, national treasurer of the United Democratic Front, was taken from his home at 4 a.m. There are now only two members of the UDF's national executive not detained or in hiding.

On the evening before his arrest Mr Cachalia had expressed concern at the deteriorating situation on Wednesday of Mr Murphy Marobe, the UDF's acting publicity secretary, and Mr Mohamed Valli, the organisation's acting national general secretary.

Since Wednesday several

leaders of unions and organisations affiliated to the UDF are said to have gone into hiding, fearing further arrests.

Others reported to have been arrested early yesterday were Mr Eddie Makue from the South African Council of Churches; Miss Gail Elliot of the Detainees Parents Support Committee; Miss Rina Sherman and Mr Willie Curry of the Johannesburg Democratic Action Committee; Mr Ashraf Bham of the Transvaal Indian Congress; Mrs Jessie Duarte of the Federation of Transvaal Women; and Mr Etienne Marais, the president of the Student Representative Council at the University of the Witwatersrand. Mr Marais was released after a few hours.

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## Brazil again declines to pay interest

BRAZIL has turned down a renewed demand by the country's bank advisory committee that it resume interest payments on \$88bn of medium- and long-term foreign debt to that body.

Bankers said the 14-bank committee on Thursday urged a resumption of payments, which were suspended in February, to improve the climate for negotiations on a new financing package. However, Brazil's negotiators, headed by Mr Fernando Milhet, the central bank governor, said payments would not resume until the package was firmly in place.

Chairmen of half a dozen leading creditor banks were scheduled yesterday to meet Mr Luiz Carlos Bresser Perrella, the Brazilian finance minister, who has been in Washington for two weeks in international lending agencies and the US Government.

Brazil's rebuttal left some bankers pessimistic about the chances for swift progress when debt talks start in earnest, probably in September. One senior banker said: "If Brazil continues with such diffidence about servicing its debt, it is going to come back hard on them in the longer term."

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## Casey asked Reagan to fire 'disloyal' Shultz

SENATOR William Cohen revealed yesterday in the Iran-Contra hearings that Mr William Casey, the late director of the Central Intelligence Agency, wrote to President Ronald Reagan on November 23 last year suggesting that Mr George Shultz, the US Secretary of State, be fired for disloyalty, agencies report from Washington.

The classified letter was written just as the secret Contra aid programme and diversion of money from the Iran arms sales were about to become public.

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## A touch of vertigo

THE WOBBLING in the London market this week and the quite extraordinary gyrations in Tokyo may be the signal for a new phase in the markets. The bull phase has been so long sustained that some new investors can scarcely imagine anything else; but yields are now so thin and prices discount so much hope that investors are bound to suffer occasional fits of vertigo.

However, the money flows which have sustained the markets world-wide have not dried up; so this bull market might end not in the traditional major correction, but in a bumpy, uncertain movement. Investors' state of mind will not in these circumstances be too different from that of the world's economic policy-makers: worried alternately about sluggish growth and inflation, they dither. At bottom both are contemplating the set of problems which has given a new word to the language: stagflation.

The word has not been heard very much in Britain recently, since the UK economy is growing a good deal faster than usual at present. This has provoked the habitual worries about wage inflation and the balance of payments. However, ministers are a great deal less worried than investors and their opposite numbers in more sluggish countries must sometimes secretly wonder how one set about catching this benign version of the British disease.

Ministers can relax because the British economy is at present pretty well balanced, both internally and externally. Most of the main components of demand — exports, investment and consumer spending — are growing at about the same rate as national output. Public spending is growing a bit slower, or at least is intended to do so and imports probably a little faster.

## Buyers' markets

Few others are as happily placed. The US, Japan and West Germany all have enormous external imbalances which they are striving to reduce. These efforts — unfortunately seem to hamper growth both in the surplus and the deficit countries. Massive structural change is nevertheless achieved, as Japan is finding, as a necessary decision is delayed, as in the US and West Germany, confidence is undermined.

The huge international monetary flows which dominate the securities markets are the expression of these persistent imbalances. The notional Japanese money remaining in the world in search of investment opportunities is at best a half truth; other surplus countries, and individual and corporate

savers in all countries, add to the flood.

Since they want to acquire assets for the future, it is assets prices of every kind rather than goods prices which are being inflated. Investors are right to be worried about such liquidity-driven markets, which are readily carried into an unrealistic stratosphere; but the process does have an economic function.

High portfolio profits encourage consumption. They also mean that corporations can raise capital cheaply and this sustains some real investment in a world of buyers' markets. This sounds like a benign and even enjoyable process, and so many people have been finding it; but there is one spectre at the feast. There is no need to be a doctrinaire monetarist to suspect that inflation can not for ever be combined to the financial markets.

## Nervous reaction

This is the fear which has ended the world-wide fall in interest rates and caused some of the worst of the recent bouts of vertigo; and it appears well-grounded, at least in the weak-currency, English-speaking countries. Indeed, it may even be said that the US and to a lesser extent the British governments have chosen to risk some renewed inflation to solve other problems.

Both have sought to improve their competitiveness through currency depreciation; a rise in prices, which cuts real incomes, is a necessary part of that adjustment; a rise in interest rates is simply an effort to prevent a necessary step adjustment from generating a vicious spiral.

What is rather less rational is the renewed worry about inflation in the strong-currency countries. Japan has traditionally been able to live with quite rapid domestic inflation, thanks to the equally rapid growth of efficiency in her exporting industries.

Sluggish growth is an uncomfortable new reality, however, and growth opportunities even for exporters are limited. That may explain the nervous official reaction to the recent strength of oil prices — although this is much more a reflection of worries about the Gulf than of the state of world demand.

West Germany's worries are much more doctrinaire. The support operation for the dollar has initiated the West German money supply, as has happened in past dollar crises; but although this is almost as irresistible as a rising tide, it is worrying not only the central bankers, but an influential part of public opinion.

## Ralph Atkins explains how creative accountancy has helped bring some councils close to financial crisis

A TIME BOMB is ticking away in some of Britain's town halls and if it is not defused soon, it could shake the foundations of the local government finance system.

The explosive is a mixture of confusing rules and stark ideological differences between central government and some local authorities. The timing mechanism has been triggered by the increasing use of "creative accountancy" to enable local government spending to rise in the face of tight Government controls.

"A few, probably less than 10, councils will find it difficult to make ends meet next year. Some may even find problems in this financial year," says Mr Howard Davies, controller of the Audit Commission, which monitors local government.

Indeed, the Government's tough attitude to council spending, shown in Thursday's rate support grant announcement for 1988/89, may have shortened the fuse in several town halls. By how much and with what consequences is yet to become clear.

Creative accountancy, a term disliked in local government circles, describes the devices used to get around the Government's restrictions on capital and current account spending. Although sometimes construed as implying that authorities are in some way circumventing the law or acting irresponsibly, the techniques are mostly legal and only a few councils have used them to an extent that would be considered imprudent by a private company.

How much creative accountancy has been used in the past is impossible to measure because, by definition, there is an incomplete record on council balance sheets.

Mr Peter Morley, of stockbrokers Phillips & Drew, which has helped authorities set up these schemes, suggests an upper limit of £5bn for the total raised over the past 15 years. This is still small in comparison with Central Statistical Office figures showing local authorities owning tangible assets valued at £149bn, in 1985, and having net financial liabilities of £58bn.

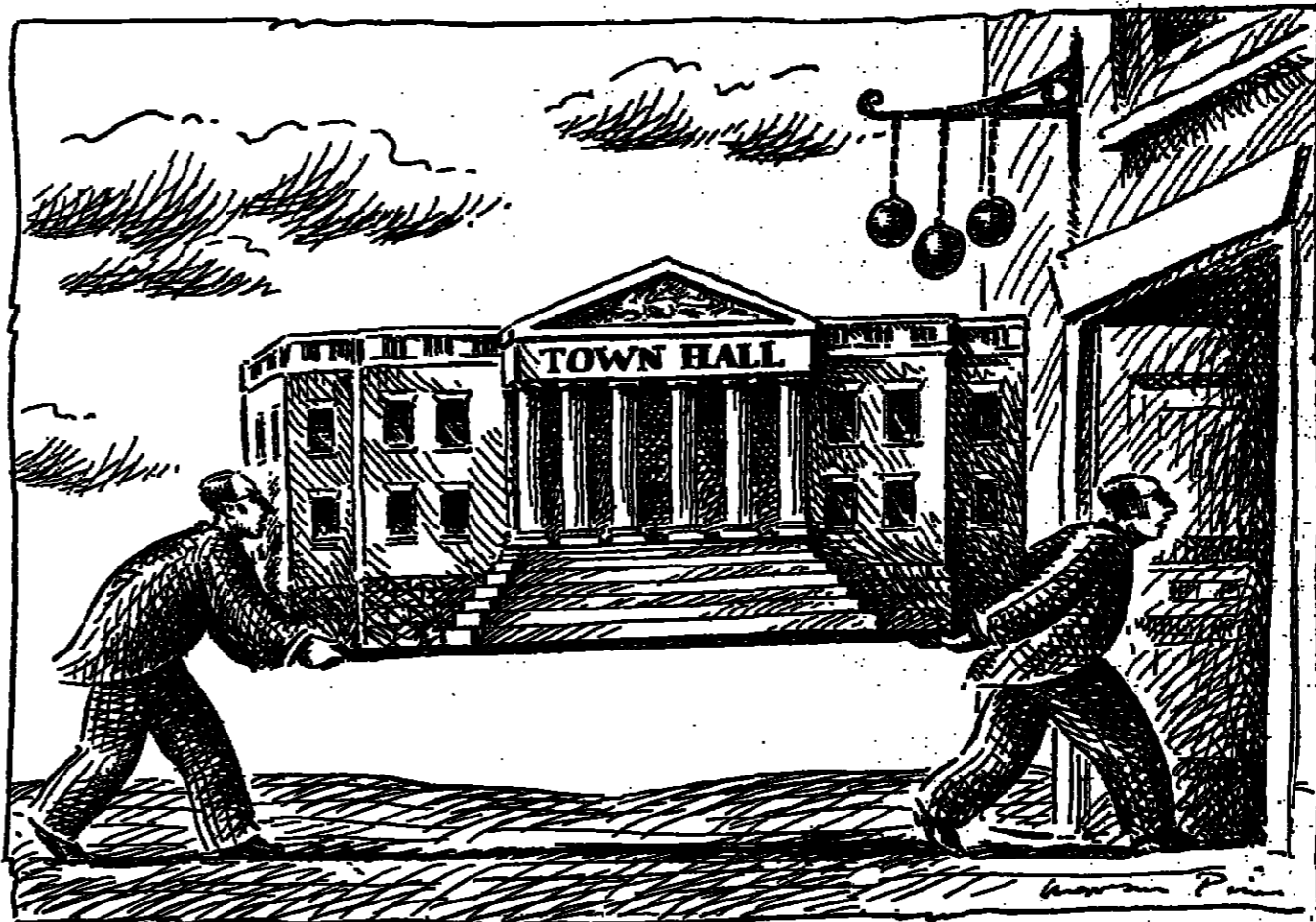
But on a micro level the picture is different. A number of authorities have debts exceeding £100m and at least one, the London Borough of Islington, has debt in excess of £1bn. Leaseback and deferred purchase deals have been used by authorities in all parts of the country. But some, particularly in London, are now considering selling council property in leaseback deals on an unprecedented scale, and on terms which some fear could place a stranglehold on budgets.

THE LOCAL government finance game is a test of intelligence and ingenuity.

The aim is to maximise your council's spending on services while side-stepping central government grant penalties aimed at controlling it.

The winners are the council treasurers who use creative accountancy to increase their spending beyond expenditure targets or capital allocations set by the Government.

But if your council increases its spending too much, the Government will



## Pawning the future

Islington, for example, plans to sell property, including its town hall, valued at £250m. Brent hopes to arrange a similar size deal involving a library, council offices and schools. Camden plans to raise £10.4m this year for capital spending in a leaseback deal, including the sale of parking meters and street lamps.

As the appetite of councils is whetted and the Government tries to block loopholes, the accounting devices become more sophisticated. "We now have a second generation of creative accounting techniques invented by City whizz kids," says Mr Tony Travers, a specialist in local government finance at the London School of Economics.

The use of creative accountancy has grown rapidly under legislation introduced by the Conservatives since 1979. In 1980, the Local Government Planning and Land Act introduced limits for capital spend-

ing and a formula for calculating a council's grant according to its needs.

In 1984, the Government added to its armoury by introducing rate-capping — placing a ceiling on revenue from rates for authorities which are judged to be spending excessively. In addition, once a council spends more than the level set by Whitehall, its grant is cut and the more it spends, the more grant it loses.

It is hardly surprising then, that even councils broadly in sympathy with the Government have used creative accountancy to get around the spending restrictions. Mr John Edmunds, under-secretary of finance at the Association of District Councils, which represents mainly Conservative authorities, says: "What these councils are trying to do is to improve their services, to improve management and provide what the local electorate want."

The problem has been exacerbated because the Government's commitment to financial restraint has conflicted with the spending objectives of several Labour authorities.

Perhaps the loans have been too easy to obtain. City institutions assess lending on what it means for them. It is not in their interest to point out to an authority that a scheme is short-sighted. The problem is that many authorities are building up huge liabilities for future years.

When — or if — the time bomb will explode, however, remains a matter for dispute. Mr Peter Morley, of Phillips & Drew, argues that the loans are secured by large council assets and, under existing legislation, the Government would step in before the situation deteriorated too far. "I am saying that it would not happen," he says.

Warning lights are flash-

ing at one or two town halls. The London Borough of Haringey, in one of the poorest parts of north London, has received an ominous "public interest" report from the District Auditor, Mr Harold Stockdale. It describes the council's financial position as "extremely serious and deteriorating" and particularly criticises the use of interest rate swaps (explained below) on £180m of debt.

"There is a real risk that unless the council brings its forecast future revenue expenditure and resources into balance, the gap will become so large that it will be impossible to produce lawfully balanced budgets," the report says. Earlier this month, at a four-hour extraordinary meeting of the full council, amendments to the budget — proposed after the auditor's report — were rejected following a split in the controlling Labour group. The council is attempting to put together another package to satisfy the auditor.

## The not so trivial pursuits of council treasurers

bring in ratecapping — limiting the amount you can raise from rates. This adds a new dimension to the game. The race is on to set up fancy financing schemes before the Government closes loopholes in the complex local government finance legislation.

Here are a few of the tricks council treasurers have up their sleeves:

● Leaseback. Sell of council properties — the town hall, schools, art galleries — to a private company to raise a

lump sum. This can be invested and the interest earned used to supplement current spending. Then leaseback the properties, structuring repayments so relatively little is paid in the first few years.

Manchester City Council, for instance, is using this device to raise £14.6m in the 1987-88 financial year. It is selling £20m of properties, including an art gallery and a theatre — to a company owned by the council. The buildings will be leased back under a

20 year lease, with the first two years rent free.

● Leasing. Not very original but there is still potential for councils to use this device more.

Payments under leasing arrangements come under current spending. So by leasing computers, instead of buying them under a capital programme, councils can provide more equipment while still meeting capital allocations.

● Barter. The principle is the same as in a prehistoric

economy. For example, a piece of council land is given to a developer on condition he builds the authority a leisure centre on part of the site. The developer gets the remainder of the land for his own schemes and the council gets a new leisure centre without encroaching on its capital allocation.

● Capitalisation. What is defined as capital expenditure is a grey area. Many authorities are taking housing repairs and renewals into their capital programmes, reduc-

ing current spending and hence avoiding penalties for overspending.

● Debt rescheduling. At a simple level this puts off repayments, reducing the charges. At a more sophisticated level there are interest rate swaps — a technique used to refinance £180m of debt by the London Borough of Haringey.

Arrangements to repay debt at a fixed interest rate are avoided for variable rate repayments. By gambling on interest rates falling, councils are able to take the profit early — yielding revenue for current spending.

Two years ago, 47 Liverpool councillors were elected and banned from office for five years for failing to set a rate. Although this was not a test case for creative accountancy, it illustrates the powers the Government has at its disposal.

But for the moment the Government is playing a waiting game. It says it is the role of the district auditor to draw attention to the financial problems of individual authorities. Then it is up to each council to sort itself out.

Repeatedly, ministers have said there will be no blank cheques to bail out councils; and have sought to make clear to City institutions their disapproval of schemes incurring a heavy future financial burden for authorities.

To many who work in local government, the uncertainty is not evident — a reform of the local authority grant system. But, given an already heavy programme of local authority legislation, the Thatcher Government is unlikely to find either the time or sympathy for such an approach. Creative accountancy may be legal, but the local authorities who have most indulged in it can be under few illusions that if it leads them into full-blown financial crisis, the Government will be inclined to send in the bomb disposal experts.

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## Man in the News

John Fairclough

## A plain Mr for Maggie's man of science

By David Fishlock



JUST A WALL — but no door — separates John Fairclough's desk in the Cabinet Office from that of the Prime Minister in No 10. How slight a barrier that wall has proved is a measure of the success this Yorkshire engineer has enjoyed in selling Margaret Thatcher a radically new policy for apportioning the nation's research and development resources.

Traditionally, the academic science community has seen the post of chief scientific adviser to the government as its own voice in the Prime Minister's ear. Invariably, the incumbent has been a Fellow of the Royal Society, the institution representing the nation's scientific elite.

Fairclough, 56, is an electrical engineer — plain mister — and unreservedly proud of it. "My background is making money out of technology," he refuses to use the honorary Doctor of Science degree accolade has bestowed. Likewise, when loaned to Whitehall by his company, IBM (UK), last year he refused to take a civil service rank. He remains just what his title says — an adviser — with freedom, as he puts it, "not to get buried in Whitehall hierarchy."

This doughty new "Whitehall warrior," married with two sons and a daughter, has a big reputation as a successful manager of high technology. At 34 he was made laboratory director of IBM's new development centre at Farnley, Elms. He has spent almost all his career with IBM, where he managed major development centres in the US and Britain, before his appointment in 1983 to the dual role of director of manufacturing and development of IBM (UK) and chairman of IBM (UK) Laboratories. Between them, these posts gave Fairclough responsibility for 6,500 people.

Fairclough's reputation for plain speaking is tempered both by a winning grin and an uncommon ability for explaining technical intricacies in everyday language. If he has still to win over the academic world, he has made a good start with Sir George Porter, president of the Royal Society, and Sir David Phillips, chairman of the Advisory Board for the

Research Councils. Fairclough was head-hunted for the post of CSA by his predecessor, Sir Robin Nicholson, a metallurgist now on the boards of Pilkington and BP. Nicholson forged a relationship with Mrs Thatcher that was probably closer than any since the wartime friendship of Churchill and his CSA, Lord Cherwell. The Prime Minister accepted his advice that Fairclough should succeed him, and IBM granted Fairclough two years' leave of absence from May 1986.

Fairclough himself was aware of the frustration besetting the Prime Minister in regard to British science and the evident

failure of industry to take advantage of a brilliant history of winning Nobel Prizes. For a decade, as IBM (UK)'s top technical man, he himself had been striving to lower the barriers between science and commercial design and manufacture. Latterly, as a member of Aard, the Advisory Council for Applied Research and Development, he had come to see it as a national problem from which no industry is immune.

Aard's plan, sold to Mrs Thatcher by John Fairclough and outlined in the White Paper this week, is to pump substantial new funds into British science through a new

mechanism divorced (and indeed isolated) from the present university machinery through which much academic science is funded. The heart of the scheme will be several dozen new research centres on university campuses specialising in potentially exploitable areas of science and funded and staffed at a level which gives them a fair chance of competing internationally.

The Government, right up to the Prime Minister as chairman of a cabinet committee overseeing civil R and D, will take a hand in deciding which are potentially exploitable areas. To support this plan, Aard

is to metamorphose into Acost, the Advisory Council for Science and Technology, advising government on the whole science scene, but still reporting to the CSA. Acost will be backed by its own think-tank, the Centre for Exploitation of Science and Technology, at a university.

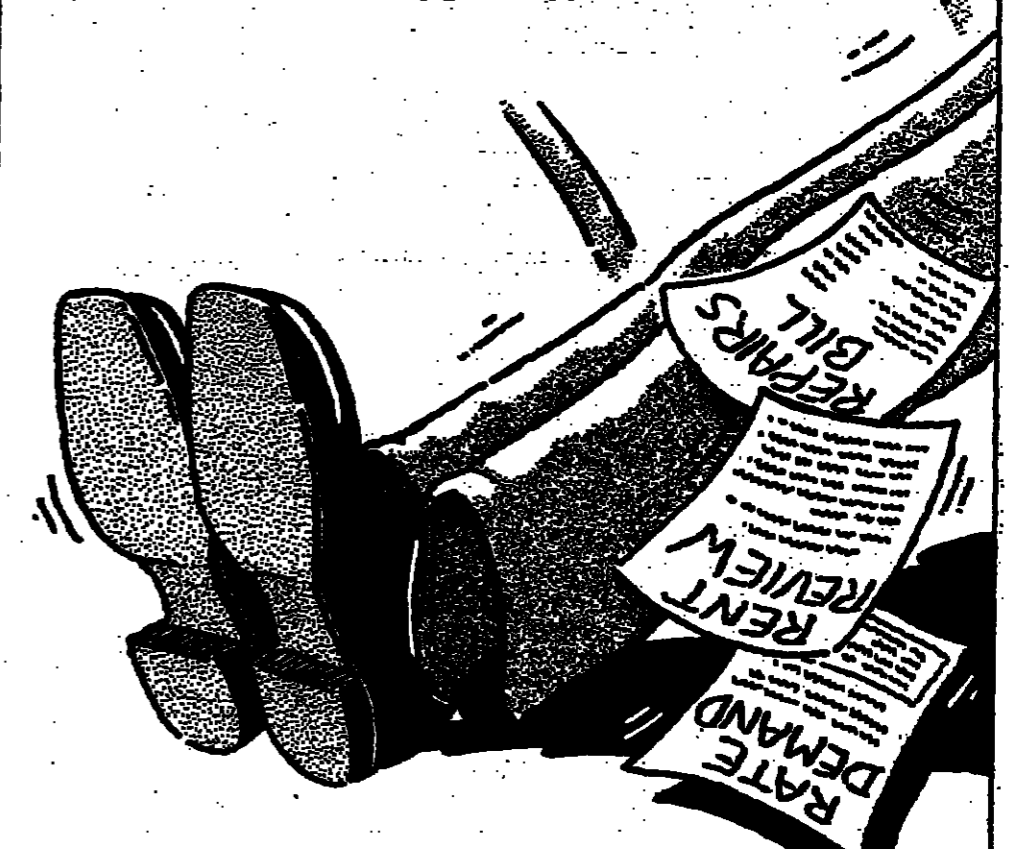
For Fairclough, however, the White Paper is just "the end of the beginning." This year he has won two important battles in Whitehall: first, to curb the ever-expanding call of defence on the nation's R and D resources; and now to persuade the Prime Minister to have the final say in what R and D is done. He also believes he has won the support of the Lords' select committee whose highly critical reports in 1982 and this year have highlighted the nation's R and D malaise.

The new machinery will work only with wholehearted backing from the nation's top scientists and the provocative discussion paper published this week by the Advisory Board for the Research Councils shows that Fairclough must be very persuasive indeed if the dons are to support and not stifle his initiative.

He also needs the full backing of the Department of Trade and Industry. He hoped that it might have produced this week a constructive critique of national technology corresponding to the paper on science. But the DTI is not well organised to be the champion of technology. "It's a much more difficult job than being champion for science," he says.

But the biggest challenge of all will be to persuade industry to increase its spending on R and D. There is simply no magic solution to this, says Fairclough. It requires much more "patient money" than the City seems willing to make available at present. In other words, it will still be a long haul to convert British industry to the idea of paying much more for innovation. But John Fairclough is putting his faith above all in the choice of exploitable areas of science by the new machinery, and their intrinsic appeal to companies with the will to compete internationally.

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## WORLD STOCK MARKETS

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## Dow up 10 on rise in real GNP

Trading volume 126.18m shares. The market gained no support from the Federal Reserve's action. Investors were watching the Gulf situation warily. Prior to the week-end, they expected little long positioning.

Raymond Jans and Associates' chief technical analyst, Ralph Bloch, said possibly the most encouraging event for the market was the record one-day advance in the Dow Jones Industrial Average.

He said enthusiasm from Japan spread into the US Stock Market.

However, Bloch said breadth was still surprisingly narrow on the NYSE.

RAYMOND JANS AND ASSOCIATES said, but lacks support.

Dayton Hudson advanced 5 1/2 to 56 1/2—it said it was informed that the company had been selected to replace Haft that MetLife's investment partnership may buy 50 per cent, or more, of Dayton Hudson in the next 12 months. Traders said Dayton Hudson's shares were up 1 1/2.

Bear Stearns, the most active issue, rose 3/4 to 81 1/2—it completed an offering of 3.7m of its

**CANADA**

Stocks remained moderately higher at midsession, basically holding levels reached in early trading, as markets looked to Wall Street for direction.

The Composite index added another 10.0 at 3556.00 and Metals & Minerals moved up 25.6 to 3239.5, but Golds shed 4.2 to 3741.9.

Falcombridge turned ¼ to \$27½, despite its second quarter loss of 31¢ to 54¢ a share.

Bell Canada eased 5¼ to \$41¼ — it reported "flat" second quarter earnings.

Algonia Steel rose 3½ to \$19½ on a second quarter earning of \$6.69, against a loss of \$7m in the 1986 second quarter.

**TOKYO**

Share prices rocketed to their biggest one-day gain ever on widespread hopes the market has at least temporarily snapped out of the month-long depression, brokers say.

The Nikkei Dow market index soared 906.42 to 23,942.94 Thursday. It rose 333.75 to 23,083.82, but fell to 20,057.9 in the previous four sessions. The previous record one-day gain was 604.54 on April 14, which pushed the index to 23,057.9.

Advancers led declines eight-to-one yesterday in moderate turnover of 800m (500m) shares.

Securities Houses, Banks, Comm. Services, Pharmaceuticals, Railways, Insurance, Gas, Real Estate, houses, Natural Resources, Foods, Retailers, Electronics, Constructions, and Glass/Cement shares moved up sharply.

Investment Trusts and Securities Houses bought shares heavily for the first time since the market entered the month-long

The All Ordinaries index was 12.7 higher at a record 1,988.0 and the All Industrials 31.2 up at 2,870.4. The Gold market dropped 11.2 to 3,505.5 and the All Resource 31.5 to 3,384. Turnover was heavy at 134.01m shares worth A\$285.96m in cash shares.

**HONG KONG**

Sharply lower in fairly active trading on mounting selling pressure in the wake of World International's 1986-87 results.

The Hang Seng Index was down 23.2 to 3,348.0 after rising more than 200 in early trading.

The Hong Kong Index shed

14.03 to 2.178.44. Turnover HK\$453bn (HK\$1.65bn). The World International announced a 20 per cent increase to HK\$422.7m, which was within market expectations, but triggered profit-taking across the board.

World International fell 20 cents to HK\$4.275. Its Wharf subsidiary also lost 20 cents to HK\$3.20. The 20 per cent group dipped 20 cents to HK\$3.44. The group's interest on its investment plans Cheung Kong lost 20 cents to HK\$12.40 and Hutchison 30 cents to HK\$13.30.

**SINGAPORE**

Share prices continued to fall over the front in active trading. The Straits Times index shed 11.81 to 1,361.75. Turnover 50m (S\$3.3m) shares.

Brokers said prices rose initially on bargain hunting, but fell back later on profit-taking, following heavy liquidation of First Capital Corp and Chuan Hup Motor shares.

First Capital fell 40 cents to \$51.74 on a huge volume of 7.3m

**GERMANY**  
Higher in moderate trading. Some operators covered short positions in a technical upward move, but steep losses of the last three days.  
The record gain in Tokyo, underlying favourable sentiment and a steady dollar also gave technical support.  
Concern over bank profits lessened. Major banks are due to publish half-year figures next week.  
The Commerzbank index of 60 leading shares, calculated at mid-session, rose to 1,434.6 from 1,393.0, but was still down on the week.  
In Autos, Daimler rose DM 16 to

L.155, VW DM 10 to 391, BMW DM 620 to 897 and Porsche DM 151 to 1,005. Chemicals also gained ground around the board.

**PARIS**

French share prices continued to gain in active late trading on the first day of the new accounting month. Gain led losses 128-to-18.

The optimistic outlook of many investors was buoyed by the possibility of a cut in the intervention rate and by the steady dollar, while the market reacted relatively weakly to the new oil price hike in the Gulf yesterday.

**SWITZERLAND**

Swiss shares ended mixed on a declined turnover as a reaction to a price slump in Nestle shares after it forecast that it expected to be able to hold profits at last year's level.

Bank Leasing posted a 4 per cent loss, while its Registered Shares and Participation Certificates fell slightly.

Chemicals were generally much in demand, with the growth-

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## NEW YORK

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**AA Friendly Society**  
(Investment Mgmt M & G Inv Mgmt)

Prop. Ser. 1	216.0	222.0
Equity Ser. 1	147.8	157.0
Prop. Acc. Ser. 2	301.3	317.0
Equity Ser. 2	263.6	278.0
Subscribing Acc.	150.0	156.0
Prop. Ser. 4	236.3	249.0

<b>British American Life Assurance Co Ltd</b> 01-234 0000 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903,
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**FT UNIT TRUST INFORMATION SERVICE**[illegible]

## LONDON SHARE SERVICE

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**MINES—Continued**[illegible]

**Tins**  
Ayer Hitam SM1 \_\_\_\_\_ 100ml. . 100ml.

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## NOTES

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yield. <sup>a</sup> Assumed dividend and yield at 1980 prices. <sup>b</sup> From capital sources. <sup>c</sup> Kenya. <sup>d</sup> Interim

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Craig & Rose C1	120	Arro	580
Finsky Pops C1	126	CPI Hmets	4-3
Holt Lloyd C2	126	Deutsche	362
Intl Steel C1	146	DuPont C1	50
		East & A.S.	100
		Helwig Hmets	50
		Irish Ropes	190
		Unirene	430

Finn 11/31 1989	27074	-4
Int'l. 10/4 1989	27074	-10

## TRADITIONAL OPTIONS

### 3-month call rates

Industrials	P		
Allied-Lyone	40	NET	22
Amstar	20	Intl West Ind	65
Arco	25	P & O Ind	22
BCC Grp	45	Plessey	22
BHP	27	Poly Pack	28
BTL	30	Racal Elect	24
Subscomb	19	RHM	22
Bechtel	27	Royal Ind	30
Beecham	40	Steel Int'l	70
Blue Circle	50	STC	25
Bosch	50	Sears	23
Bowaters	50	TI	14
British Telecom	50	TRB	18

30  
 32 Tesco  
 35 Thorn EMI

Deedys	22	Trust Houses	34
Charley Cons	22	Turner Newall	290
Comin Union	30	Unilever	300
Countrols	40	Vickers	28
CWFC	35	Wellcome	25
Gen Accident	95	Property	25
GEC	24	Brit Land	25
Glass	200	Local Securities	45
Grant Merv	25	M&P	45
GUS & A	175	Peacocks	25
Guardian	30		
GKN	30	Bils	32
Hancocks Ltd	15	Britol	45
Hawley Sid	35	Burmah Oil	25
ICI	125	Chengal	45
Jaguar	30	Fremier	25
Landlord	30	Shel	110
Loyal & Gen	42	Trigonol	11
Laz Service	50	Uthmaniy	24
Lloyds Bank	60		
Lucas Ind	32	Wines	95
Marks & Spencer	35	Cons Gold	95
McAlister	35	Rio Zinc	95
Morgan Grenfell	20		

A selection of Options traded is given on the  
London Stock Exchange Report Page.



# WEEKEND FT

Saturday July 25 / Sunday July 26 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

**Not since the Arabs early in the 1970s has London had such an influx of one foreign group.**  
**Simon Holberton**  
**reports on the Japanese invasion**

**P**EOPLE WANDERING through London's Battersea Park this afternoon may well feel they have passed through a time-warped and been transported to Tokyo. In what must be one of the strangest events on the London calendar this summer, up to 15,000 Japanese residents and their friends are expected at the third Anglo-Japanese *notsu matsuri*, or summer festival.

In this pot-pourri of things Japanese, huge and brightly-coloured floating kites will float high in the sky while on the ground there will be an *omokoshi* (portable shrine) parade, a display of traditional *kyogen* and *bon odori* dancing, and the somewhat less traditional but still quintessentially Japanese bar-room *karaoke* singing (in Tokyo, as well as the available venues in London, the performer is usually a slightly drunken and sentimental businessman belting out Frank Sinatra's version of *My Way* to a tape-recorded accompaniment).

The festival also will cater for the culinary and the cerebral. Many of the planned 100 stalls will feature *yakitori*, *sushi*, *soba*, *onigiri*, to name but four of the 14 food specialties to be offered, while the mind will be exercised by an exhibition of *go*, a game of strategy requiring immense skill and patience which is played with black and white stones on a board ruled into squares. The festival is the work of the *Amiyahai*, an association made up mainly of former English students who have been to Japan and wanted to promote Anglo-Japanese cultural relations. Despite the vivid display and the numbers of people involved, however, today's extravaganza has received only muted support from the pillars of the Japanese establishment in London.

Diplomats were particularly concerned that "fighting" should be dropped from the description of the kite exhibition in case it reinforced the notion of the Japanese as aggressive, but the Ambassador, Toshie Yamazaki, will attend and deliver a brief message of welcome. Others feel faintly embarrassed at the thought of unrelated subjects of traditional and semi-traditional Japanese culture being paraded before the unknown and vicarious. The Japanese are, after all, a rather private people.

Not since the Arabs brought many of their secrets to the West in the 1970s and started to buy up property has London had such an influx of one foreign group. The Japanese penetration includes property (notably, the £145m acquisition of Bracken House, headquarters of the *Financial Times*) and finance (where their position is fast becoming predominant).

They have come to the UK because, in the words of one foreigner who works for a Japanese bank, London is the big-

## Tokyo on the Thames

gest legal casino in the world. There is no Glass-Steagall Act (as in the US) or its Japanese equivalent, Article 65 of the Japanese banking code, to separate investment from commercial banking. In this banker's view: "It is just the beginning."

No one is quite sure how many Japanese live in London. Estimates vary widely: the highest I have heard is 80,000 while the Embassy says that about 20,000 have registered with it. The real figure is believed to be somewhere around 40,000 to 50,000, not including the ubiquitous camera-toting tourists. Five years ago there were perhaps no more than 5,000; indeed, Düsseldorf in Germany was considered the Japanese capital of Europe.

Japanese in London can be broken down into three main groups. First, there are the long-term residents, generally women married to Englishmen who have made Britain their home. But there are others who opted to leave Japan because they found it stifling, or, more originally, because they preferred to live in the real Western society rather than the shallow Japanese version of it.

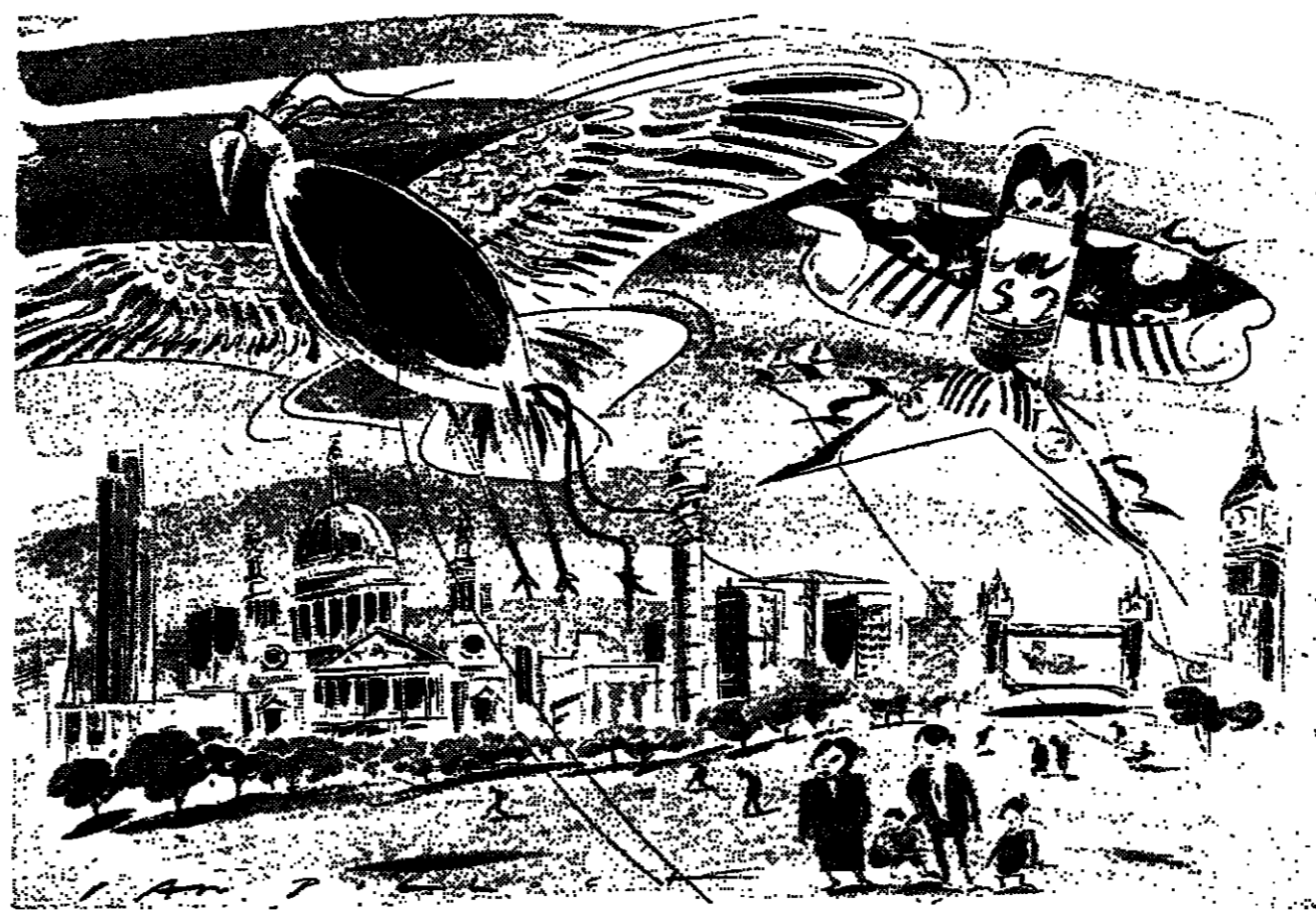
Then there are the Japanese who companies have posted them to the UK with their families. They make up the bulk of those registered with their embassy and are the ones most concerned with preserving their way of life in Britain's capital. They probably send their children to the Japanese school in Acton (it was in Camden until recently) and live in what the Japanese refer to freely as the "JJ area" (Jews and Japanese), of Finchley, Golders Green and in north London (although south London, especially the plush parts of Dulwich, is growing in importance).

### Same-day papers from home

Last, there are the students who mostly are female and in their early 20s. They are usually quite well-off and have come to England for a "foreign experience" before going back to the inevitability of marriage. Since they preferred an English-speaking country, the main choice was between England and the US; they opted for England because they were afraid of being mugged in America. But they have also come for positive reasons: England is known for its up-to-date fashions and music and, besides, it does speak the "Queen's English."

One of the astonishing features of the Japanese community in London is that an expatriate can conduct all necessary business, with the possible exception of buying a bus ticket, without referring to an Englishman or using English. There are estate agents who cater solely for the Japanese; Japanese shops for food and goods; more than 50 Japanese restaurants, bars and clubs; Japanese doctors and dentists; a Japanese telephone book for London; a Japanese garage, and even a Japanese Protestant priest.

There are also three local Japanese-language newspapers-cum-information



Ian Pollack

sheets although those wanting the latest news of Japan can now get home-delivered same-day issues of the *Asahi Shimbun* and the *Nihon Keizai Shimbun*, two of Japan's leading newspapers. And when the time comes to leave England, there is a removalist who caters specially for Japanese people.

Services at the corporate level have been slow to develop, if the *karaoke* and hostess bars and Japanese restaurants are excluded; but one company, Thermor Communications, has started up and supplies many Japanese companies with photo-copiers, facsimile and telex machines, Japanese word processors, and papers and stationery of all sorts. It also supplies that "anytime, anywhere" servicing of equipment which the Japanese are so used to getting at home.

"The Japanese who come here on a company posting tend to mix with each other," says one knowledgeable observer of the community. "They have few English friends and they play golf at the Hendon Golf Club. The first words of English they learn is 'Can I see you to a Japanese restaurant please?'" Another observer adds: "In a sense they live in London like foreigners live in Tokyo, except that you find that most foreigners in Tokyo will go to kabuki, *burlesque* galleries, and travel around the

country trying to get to know something of Japan and its culture."

"I would say that no more than one in 100 (of the Japanese in London) would go to the theatre or the ballet or galleries. They live a totally enclosed life. The men work a six-day week and on the seventh they play golf. They go to Spain or Italy for their one or two-week holiday every year."

At least their holiday entitlement on overseas postings is a little bigger than they would get (or, more to the point, take) in Japan. Besides, like most generalisations, this surface perception is at once true and false. The Japanese in London may not do many of the things a Briton might in Tokyo but, like curious expatriates anywhere, many derive as much pleasure from being in the UK, and doing what for them is different, as do foreigners in Japan.

And they have done so small amount in enriching the British capital's cultural life. Toshiba's endowment to the Victoria and Albert Museum has meant that London has the best facilities for displaying Japanese cultural artifacts in Europe; while work is due to start soon, again with Japanese financial help, on rehousing the British Museum's peerless collection of Japanese art.

"I think we have come to realise the real value in life here," says Kenichi Nishizu, an employee with a big Japanese trading house who has lived in London for more than six years. "You have time to think here and decide things for yourself. I'm Japanese, so my values are different from people who live here, but the thing I like is that everyone honours each other's individual rights; in Japan, the collective rights supersede the rights of individuals. I feel there is more freedom here... even for the poor people."

### More freedom for the individual

Nocturnal pursuits—drinking, playing *majong*, singing—are as much a part of a Japanese businessman's life as the endless series of meetings in which he engages during the day. Nishizu's night begins when his boss leaves work at 6.00 pm. For the next two hours he spends his time talking with the younger members of his staff, probing them for ideas about improving and extending their business activities in Britain. He

is also keen to find out how they are enjoying their work and living in England.

"I finish between seven and eight," he says. "About 30 per cent of the time, I then go out for a business dinner. Half my evenings I'll go out with the staff and play *majong*; and about once a week I'll go home for dinner. If I'm out playing *majong*, I try to get home by midnight."

"I try to preserve the weekends for my family. I'm not so keen on playing golf, although I do. We do a lot of driving on the weekends. We're members of the National Trust and my wife is very interested in gardens, so we go to a lot of National Trust houses."

Not all Japanese businessmen in London try to preserve the weekends for their families, though. As any member of a north London club such as Finchley, Mill Hill or Hendon will tell you, the Japanese like their golf. "I wouldn't say they were good players," says one club manager, "but they are immaculate in every other way."

Their wives are an understanding lot, although, if it were not for a number of informal and formal support groups, their lives in Britain might seem fairly desperate. Few speak English as well as their husbands, which is doubly difficult as they are the ones who have to spend most time dealing with the vagaries of English life outside the office. But they show dedication to their husbands similar to that which their men have to their companies.

Mrs Taeko Mori is the wife of a senior executive with one of Japan's biggest securities companies. Her husband leaves for work at 7.30 am each morning and is rarely home before 11.00 pm. He likes to entertain visiting guests in their south London home at weekends—sometimes up to 40 at a time—which requires her to work for two full days preparing the food.

"I know that I am helping and being part of the company, of participating in my husband's business," she says. "Some people say that it must be very hard being married to a workaholic, but I understand that he is very busy and it would be selfish to ask for more of his time."

In London, the securities industry wives have organised themselves into an association, the *Ichimochi-kai*, which is named after the day they meet, the first Thursday of every month. "We get to meet and talk and tell company secrets to each other," Mrs Mori says with a giggle. She also belongs to an in-house *kyuin-kai*, or wives' association, known as the *Rose-kai*, the Rose Club. This group meets less often and is mainly for wives who have just arrived in Britain. "We try to help them fit in, so they don't get too homesick."

Although she mixes mostly with Japanese people, Mrs Mori does make an effort to be involved in local affairs. She is active in making dolls and other traditional crafts which are sold and the proceeds donated to handicapped children, and she is a "volunteer" involved in giving flowers for display in old people's homes. Her idea of England is an historic land populated by "ladies" and "gentlemen"—was romantic. Nine months after arriving, and a snatch-and-grab robbery on the Underground later, she is a little wiser. "Reality," she says, "is a little different from my image."

Katsumi Mihara, a translator who has lived in Britain for 23 years, puts it another way. "I enjoy living here because the English don't care about other people's business. I like the English indifference."

### The Long View

## Putting the headlines in perspective

EXPORTS in the past three months were 4 per cent lower than in the three months before that. Terrible. Exports in the past three months were 4.5 per cent higher than in the same period last year. Wonderful—we are beating the world. The same figures, of course; my glass is half full, yours is half empty.

You can play games like this with most economic news; but you would never imagine it if you listened only to the brokers' analysts who are always so happy to go along with the names into the newspapers and on to the air. They follow a far-from-analytic rule: when the market is going up, the news is good; when it is going down, awful.

In a very limited sense, they are right, for the market is a devout supporter of the theory of relativity. News is never good or bad in any objective sense, but simply good or bad in relation to what the market itself was expecting. The more intelligent brokers publish tables of market forecasts of the economic news to help their clients to decide on sight whether news is good or bad in this market sense.

This is extremely useful to institutional fund managers, who can deal it virtually no expense and often on behalf of funds which are not liable to capital gains tax. The private investor must, however, try to form a longer view; jolting in and out of the market is simply too expensive.

Here, then, are a few suggestions for getting the headline figures into some sort of perspective. Some of them are counsels of perfection, except for those who keep good files. Others, however, involve no work—just understanding. First, a simple one: never trust a single month's figures for anything. The reason is

This week's news, according to the market, has been pretty awful—which means simply that it was worse than expected. Anthony Harris explains how to keep your head—as recommended by Rudyard Kipling



bureaucratic: figures are compiled from a flow of official paper, and if anything—a long weekend, staff holidays or a strike—holds up that flow, numbers wait in the in-tray and get into the wrong month. Indeed, one of the safer long-term rules is that a bizarrely good month will be followed by a bad, and vice-versa.

Second, a simple but baffling rule: be suspicious of

seasonal adjustment. Nearly all official figures are seasonally adjusted, as they should be; but this is by nature an imperfect process. Seasonal patterns change and the figures are full of what statisticians call noise—random oddities. This can and does result in persistent bumps in what are supposed to be smooth trends. The present trade figures may be an example (although they

may not, which is another problem). The odd pattern which I reported in the first words of this article reflects the fact that the February-May exports figures were not only low this year; they were low and well below trend in 1986. This makes a *prima facie* case for suspecting the seasonal adjustment; but unfortunately, you can only discover this next year.

Third, and more important: remember the broad context of all the numbers you read. This means carrying in your head a few of the important numbers: the present national and developed world growth rates (about 3.5 per cent and 2 per cent respectively); the growth of trade (about in line with output growth these days, although it used to be much faster); and perhaps of wages and manufacturing productivity, which means most for competitiveness (about 8 per cent and 6.5 per cent for the UK).

Boring? Yes; but you must have some objective scale to judge if events are stirring or routine. Take, as another example, the recent figures for consumer spending, which have been widely reported as a high street boom. What actually happened is that spending lagged during the freeze-up (an unjustifiable seasonal influence) and then caught up.

The figures were variously reported as up 3.5 per cent in a month (wow!), or up 1.7 per cent in a quarter (which is about 7 per cent at an annual rate, or still going if in real terms). Wash out the short-term oddities and you find that cash retail spending is up 7.5 per cent in value over the last year, slap in line with incomes. Real consumption is up 3.5 per cent in real terms, slap in line with national growth. Ho hum. Statistical context is easy; economic context is a little

harder, but not much. To look at another half-full, half-empty glass: Britain is at present about the fastest-growing economy in the developed world. You'd hardly believe it. The British current account is probably drifting into deficit. These two facts are not, as you might suppose, the good news and the bad news; they are essentially the same news. Faster-growing countries usually tend to have a weaker balance of payments, slower-growing nations a stronger one, which is why we hear so much international fuss about policy co-ordination and locomotive economies.

Even this fact needs a further context: some countries, such as Japan, have a persistent tendency to underspend their incomes; others are near balance and still others (mainly poorer ones) cannot achieve decent growth without importing capital—which is reported, through double-entry principles, as a current account deficit. But it is still true that the balance is sensitive to relative growth.

Finally, the most emotive scare of all—inflation. I can offer you one rule here: remember that inflation is not a problem in itself, but an adjustment to some other problem. Identify the problem and decide for yourself how serious it is.

Are wages rising because of militancy or because some efficient industries are setting a cracking pace? Are house prices rising because we are all trying to crowd into the same place or because we are scared to hold any other asset? Is the market rising because profits are rising or has it got to the stage of going up because it is going up? And so on. As Rudyard Kipling didn't quite say: if you can keep your head etc, you will become tolerably rich.

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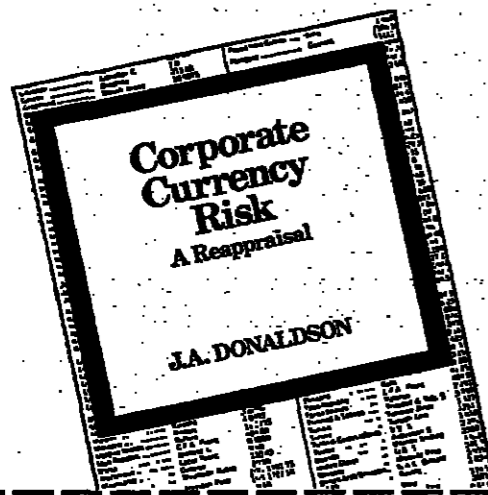
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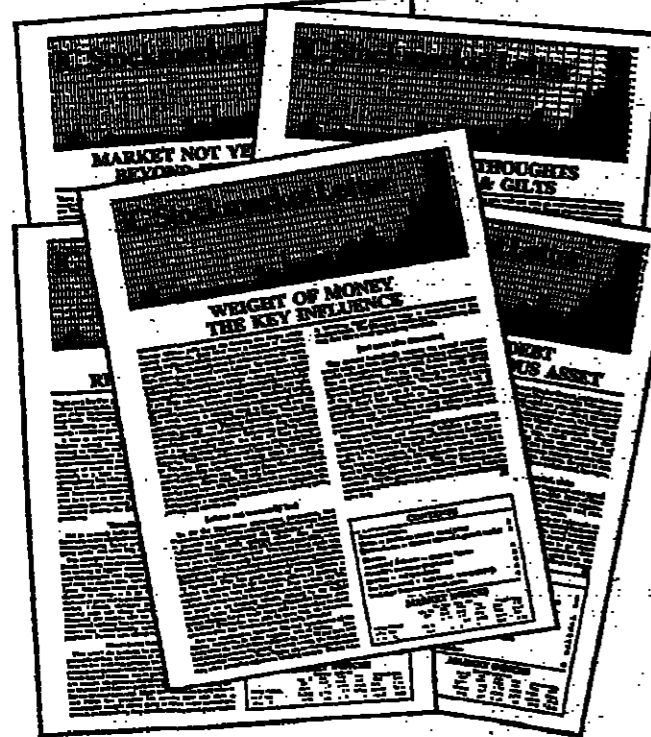
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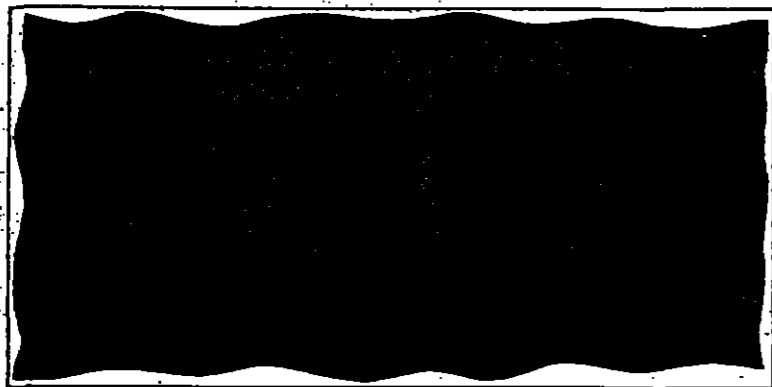
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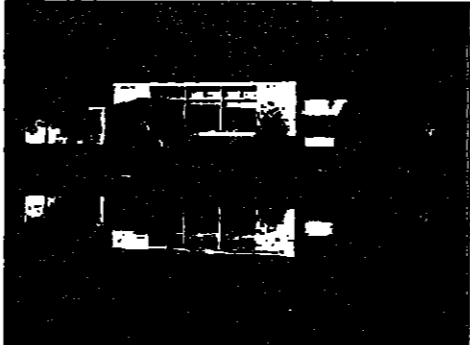
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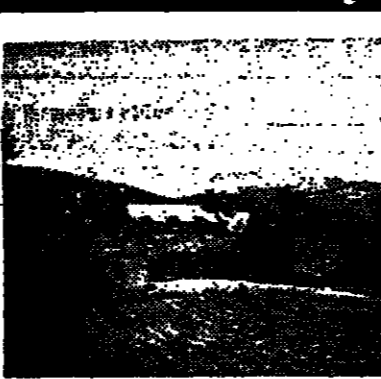
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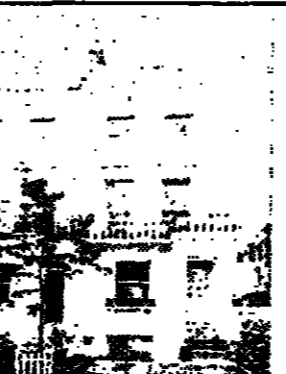
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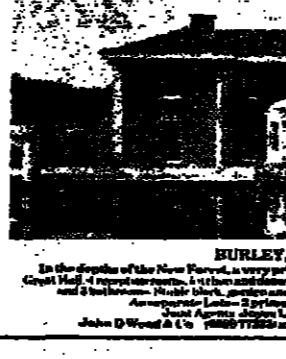
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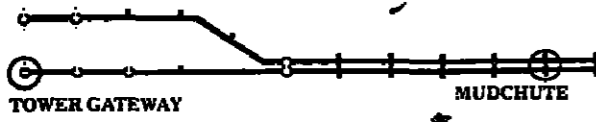
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NEXT Thursday the Queen will attend the formal opening of the Docklands Light Railway (DLR). In many ways, it is a ceremony that marks the end of the beginning of a commercial and political gamble that has already paid off.

The winnings so far are tens of billions of pounds worth of increased land values, as well as the most concentrated burst of commercial and residential development in Europe.

It is just six years since the London Docklands Development Corporation (LDDC) was conferred into life by the then Environment Secretary, Michael Heseltine. The LDDC's brief was to achieve the "last regeneration" of the biggest and, since it lies so close to the heart of the City, most blatant of the country's urban wastes.

The Corporation was given an initial budget of just £65m, and let loose on an area that had continued to rot despite a quarter of a century of successive "masterplans" for its revival.

Six years later, the big questions about Docklands tend to be: is the residential property now over-priced? When will the DLR too slim a public transport link for the area? Who will win the right to turn the Royal Docks into a vast water city?

Will the new London City Short Take Off and Landing Airport be a success? and what benefits will the locals derive from the new jobs and high cost housing? In 1981 there were no such questions. The only hope for the children of the Docklands' 40,000 remaining residents was to get out of the area as fast as they could. All 28,000 jobs in London's once thriving docks had gone. Six in ten of the area's post-war population had already left the area. A disproportionate number of the remaining households were elderly people, unemployed former dockers and never-employed school leavers.

Anyone today who cavils at the unbalanced development of Docklands in the intervening years simply does not know what the area was like before it was dragged back to life.

Those who complain that this open-plan building site offers nothing but overpriced flats for overpaid young City workers haven't looked at the real housing figures. They ignore the fact that it is only a few years since Sir Nigel Brookes was seen to be putting his reputation on the line by accepting the chairmanship of the fledgling LDDC.

It was Sir Nigel who used housing as the lever to get the development handwagon rolling. It was his chief executive at the LDDC, Reg Ward, who impressed—but didn't endear

## John Brennan on the growth of London's Docklands as a residential area

himself—to the local authorities by acquiring the sites for private development. After decades of trying to stop the area's decline, Docklands councils had become used to giving a reflex, defensive "no" to anything that smacked of private development, and which didn't immediately ease their permanent council housing crisis.

In an area that is now swarming with contractors' dumper trucks and housing developers' signs—which sport the occasional rough-daubed "Yuppies Out" and "Yuppie Free Zone" graffiti—it seems so long ago that every street had its stretch of rusting, corrugated iron fencing that the river was locked away from dock communities by prison-scale dock walls; and that this abandoned part of town was unlit and silent at night.

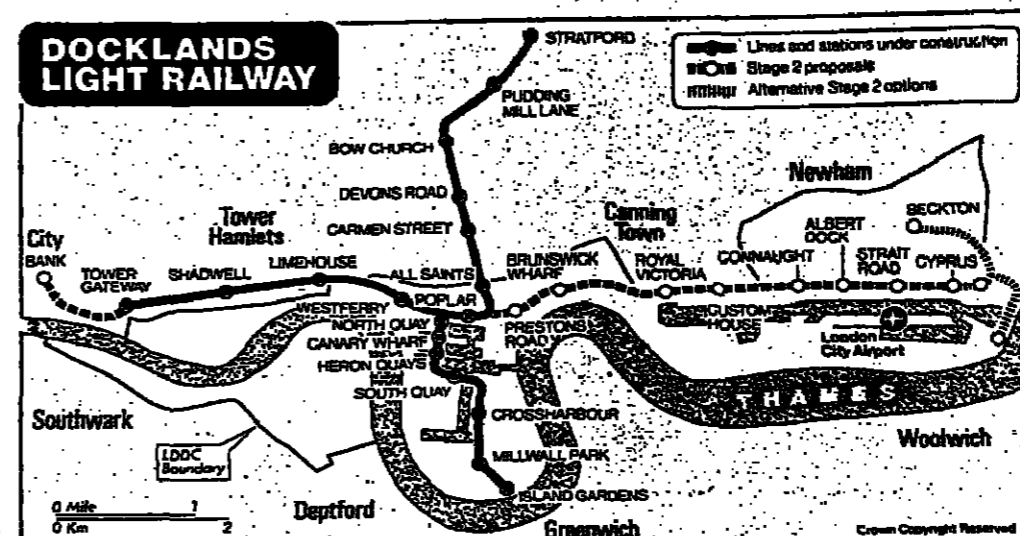
In Dockland's housing market there have already been three distinct stages since 1981, the "incredulous," the "gold rush," and now, the "interregnum."

The "incredulous" stage dates from the very first days of the LDDC when Sir Nigel Brookes defied conventional

### A Wapping riverside plot at £7m an acre

wisdom and decided to concentrate first on persuading private housebuilders, rather than commercial developers, into the area. Instead of underlining the lack of manufacturing jobs by creating acres of unwanted advanced factories, the LDDC provided the cheapest building sites in central London—and what turned out to be a captive market for private houses and flats.

Only 4 per cent of Docklands residents owned their homes in 1981. But since then (and in sharp contrast with the common assumption that all, or most, of the new Dockland homes have been for incomers with six-figure budgets) six in 10 of the 12,000 new homes have been priced at under £40,000. When it is published later this



## Welcome to Resurrection City

year, the 1987 LDDC annual report will show that 40 per cent of Docklands homeowners are locals. It will also show that earlier estimates of a total new housing stock of 9,000 homes on LDDC owned land, and a further 4,000 on council and private sites, have been substantially upgraded—to 16,000 and 9,000 respectively.

The latest figures indicate that by the time the Docklands residential schemes are complete, at least 25,000 new homes will have been built in an area that is nowhere more than six miles from the centre of the City.

By 1983-84 it had become apparent that the pioneer housebuilders were selling properties as fast as they could build them, and that they had been drawn—despite their initial scepticism—on to the hottest building site in London. Incredulity swiftly gave way to the gold rush period.

Between 1981 and 1983, while the former residents of council flats were settling into homes of their own in Beckton and Rotherhithe, riverside flat conversions in the abandoned Docklands from being Bohemians, to chic.

### Fighting to buy sites and old dock buildings that couldn't have been given away a few years earlier.

Cleared residential sites on offer at £35,000 an acre five years before had started to change hands for as much as £200,000 by the end of 1982. Since then land costs have continued to outstrip the price rises recorded for completed flats as more developers chase fewer good riverside plots.

Land prices have risen to drive many of the major housebuilders out of the race, leaving the bidding to relatively new development companies hoping to offset high financing costs by cash-flow from advanced sales. These bull market operators have helped to fuel the continuing price spiral.

Last year a number of residential sites on the Isle of Dogs changed hands for over £2m an acre. Late in the year there were reports of at least one deal at more than £4m an acre. Today, the asking price for one small wharfside site in Wapping, which is being privately offered to developers with full planning consent for high-density housing an small offices, has reached £7m an acre.

Nothing seems to cool the market for development sites, but as far as residential prices are concerned the gold rush period is over.

Plenty of speculators who hoped to make a quick profit by putting down deposits on flats being sold "off-plan" a year or 18 months ahead of completion are now nervously trying to sell their options to buy. In this interregnum period—until the infrastructure of the

### area catches up with its building works—it is hard to see any reason why Docklands prices should move much out of line with those of properties in the rest of London.

There are exceptions to this rough parity of course. Docklands does have more than its share of unique buildings and sites where prices defy attempts at applying averages.

But a dampening influence on prices will be the short to medium term impact of a substantial increase in the supply of properties for sale.

There were just under 1,400 completions in 1986. But at least an extra 3,700 units will be

### An accepted part of Central London

ready before this year is out. It is true that several hundred of those flats have been "sold" in advance, but it's a moot point how many of those deposits were paid by people who will stick with the deal.

So re-sales of options to buy have to be added to the increased number of flats coming to market; it is also necessary to add to that total the planned forward sale of a proportion of the 3,000 or more new units due to be finished in 1988.

Add up all the sales that need to be made and it's reasonable to assume that the market could be heading for a period of indigestion.

There are plenty of events to attract new potential buyers to Docklands as the supply of properties increases.

There are many factors likely to swell the number of visitors and possible buyers to the area: the opening of the DLR; the beginning of the first of the riverbus services later this year; the start of flights from the STOLport; the completion of the new road system, and successive announcements of income commercial developments—with Canary Wharf as the largest, but only one of a number of key schemes which will bring new jobs into the area.

Beyond this it would take a paralytic to doubt that, over the next five to ten years, this riverside stretch of London's east end will become as accepted a part of residential central London as Fulham or Chelsea—and that it will be priced accordingly.

The current quality of new building and renovation work, and a programme of regional road and rail improvements totalling more than three quarters of a billion pounds, combine to suggest that prime Docklands homes could well be valued above some of the traffic-congested, mixed-quality properties in the west. But that is in the future. What about Docklands today?

Keith Meehan, managing director of Berkeley House, which has several hundred million pounds worth of developments in Docklands says: "I think that prices will tend to stabilise over the next couple of years. It has never happened before that so many new homes for sale have been released in such a short time, and I think that there must be a period when prices will settle down."

Meehan's already regards Docklands "as an established residential area alongside Kensington, or St. John's Wood." But he echoes the general view that "the area has got to have time to catch up with the building work, to get the shopping and schools in. It is already happening, but it takes time."

Paul Austin of Carleton-Smith confirms that "we are really coming to the end of the pure dealer market, and already a lot have got frightened and are putting contracts on the market at the price they paid for them."

Austin says most incoming buyers do conform to the popular image. They tend to be young, single people, couples without children and Monday-to-Friday residents using a Dockland flat as a pied à terre. Austin also says that "anything under £150,000 sells, anything over £200,000 is likely to be special enough to sell. It's in between that there can be problems."

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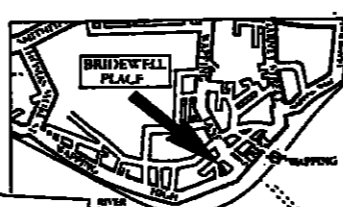
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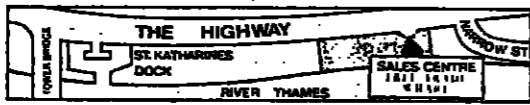
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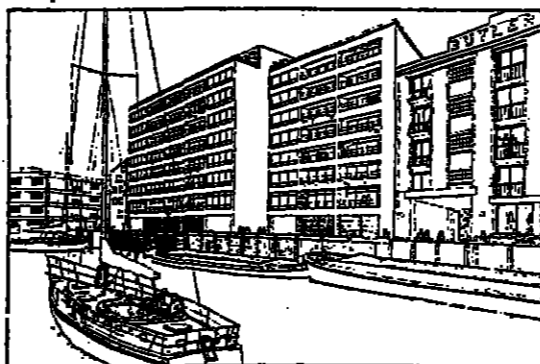
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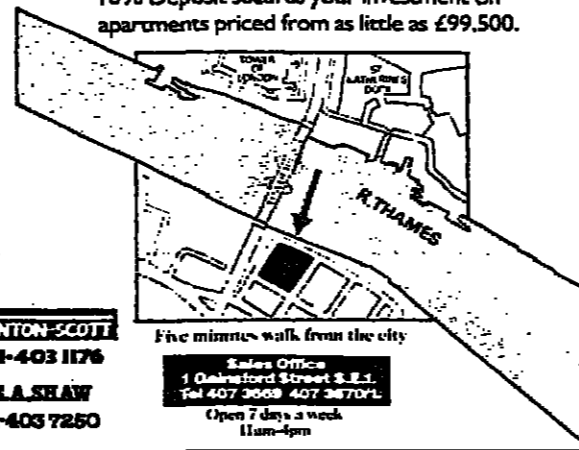
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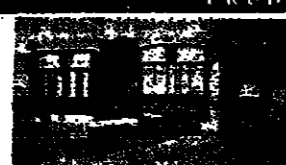
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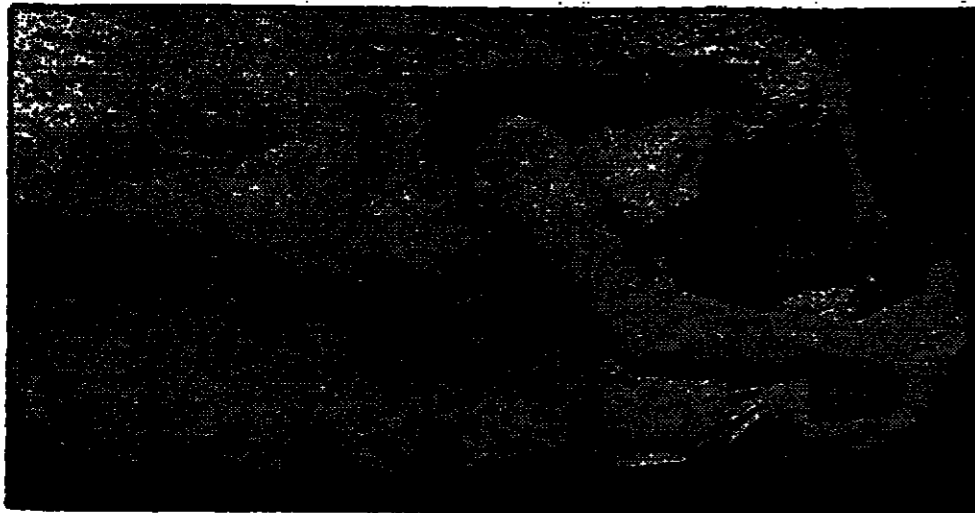






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Lucia van der Post

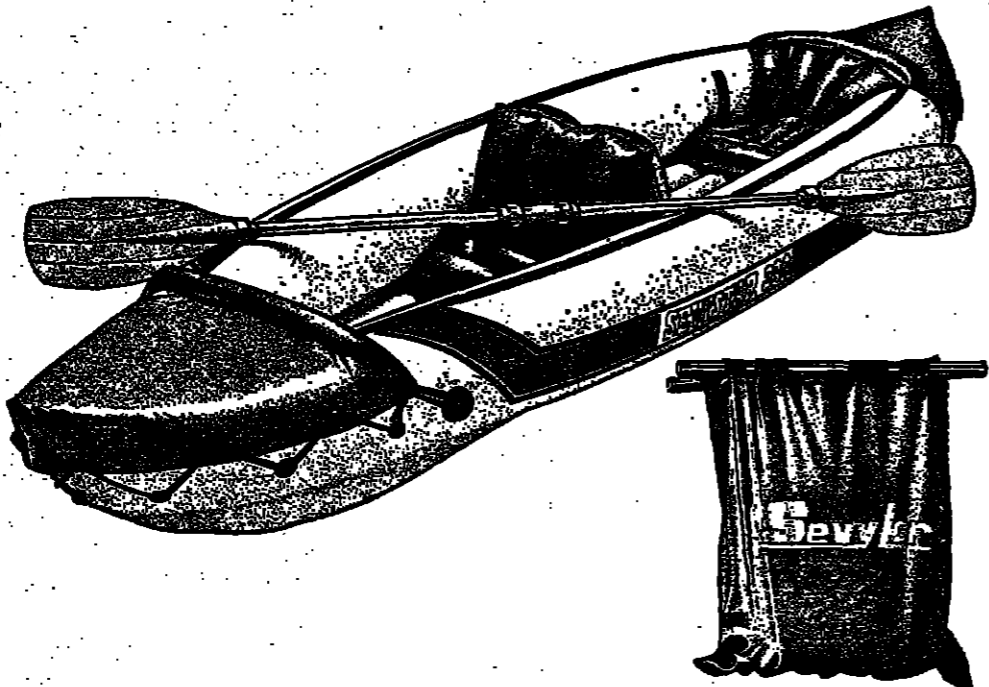
get more sophisticated daily. If you have had your fill of snorkelling and the beach ball has lost its sense of novelty, here are some alternative ways of having fun beside the seaside.



Have fun snorkelling and dogging about in the water with a powered Aquascooter. The idea came from an enterprising East German who fled his country by attaching a propeller to a Lambretta and scootering through the Baltic to a West German lighthouse. Today, the idea has been updated and modernised to provide lots of fun for those heading for water-based holidays.

It is very light, weighing about seven kilos, and can fit into a holdall which you could carry on to an aircraft and stow away under the seat. It is entirely safe as the propeller is so well-encased and protected that you would almost need a power-drill to get at it. But if children were using it I would keep an eye on them, simply because they might be tempted to go too far out to sea. It doesn't travel any faster than four knots, though, and runs on two-stroke fuel, a mixture of petrol and oil. A tankful should last about four hours. If you let go of it, don't worry—instead of disappearing over the horizon it will circle gently.

The Aquascooter sells for about £399 and can be found at good marine dealers such as Harrods and Liberty's in central London and the Barnet Marine Centre, 84, Greenhill Parade, New Barnet, London. If you would like a local stockist you can write to the importers, Vereka Sports, Unit 18 Bookham Industrial Park, Church Road, Great Bookham, Surrey. (Tel. 0372 56501).



Ideal for paddling around gently in quiet waters—an inflatable canoe which packs down so small that it fits into its own easy-to-carry bag. The canoe itself is made from heavy-duty PVC and the 11 ft size (sketched here) is sold in an adventure kit, which means you get the bag and a

paddle for £193. This does not, however, include a pump, and given that blowing up a canoe this size by mouth does not improve a restful holiday, I would suggest making sure you take one along (any good marine shop will sell you a foot pump for about £7). The canoe comes with a year-long

guarantee and the 11 ft size should take two adults in comfort, allowing them some leg-room as well. If you would like to buy it by mail, the adventure kit sells for £113 (including carriage) from Chas Newens Marine, The Boat House, Embankment, Putney, London, SW15.

For all those who never did learn how to stand up on water-skis but like the sensation of whizzing over the waves, there is now the Ski Bob (above). Tie it to a speedboat, hold on to the handles and sit tight. No balance needed. It is made from heavy-duty PVC and being inflatable

is easy to pack (it goes down to a bundle just 20 in by 3 in by 12 in) and to carry. There is just one standard size which can take two riders at a time. It should never be towed at speeds greater than 20 mph but is relatively safe and stable, although I personally

would not put any young children on it unless accompanied by an adult. It has the added attraction that in winter it can double as a toboggan. It costs £69 but that does not include a pump or carrying bag. Buy it by mail from Chas Newens Marine.

Much the most expensive of our water toys is the Jetski. Tony Walker first saw it when on holiday in Barbados some six years ago and was so excited that he started his Jetski Centre entirely to enthuse about it and sell it. Most people learn to ride it in about half an hour and it is rather like a cross between bicycling and skiing.

The fastest of the standard machines goes up to 45 mph. They are quite light for their size, being made of fibreglass and weighing about 230lb and you could fit one into the back of a good-sized estate car. They run on petrol and are very manoeuvrable.

The propeller is very safely housed so anybody from a 10-year-old upwards who can cope with water could safely ride one. If you fall off, the motor slows down immediately and the Jetski starts circling. Normally, it comes back to the rider.

The best way to learn is to hire one from Jetski (for £10 you get wetsuit, lifejacket and half an hour's use of the ski) and take instruction at its lake at Cotswold Water Park near Cirencester. However, you can learn from instruction booklets—it will just take longer and you'll probably fall off more often to begin with.

The Jetski itself costs £2,000 and is available from the Jetski Centre, Lake 11, Spine Road, Cotswold Water Park, Nr Cirencester, Gloucestershire. (Tel. 0255-651 345.)

## Goats of many flavours

WE HAVE lived with goats for thousands of years, but only now are they sweeping into our diet on a tide of healthy food thinking which tells us that goat's milk, yoghurt and cheese are almost certainly better for us and easier to digest than the cow's equivalent.

Goat cheese has of course always been popular in France. There are some areas particularly favoured as producers of "chevre" although they seem to have no geographical or climatic distinction which makes them so. Among the hundreds of names which may decorate an elaborate French cheeseboard, the goat cheese, whatever the provenance, type,

shape, or flavour will be called simply "chevre".

I don't think anyone has succeeded in making a really English-style hard cheese from goat's milk, presumably because of its chemistry, the low fat content that makes it so alluring as a health food.

But the range of cheeses that can be made from goat's milk is surprising. The most common kind, which seems to be similar in taste and texture whether it comes from St-Maur de Touraine in a little log or from Olivet in a flat-topped pyramid coated with black powdered wood-ash, is very white and crumbly in texture, and tastes

sharp and fresh and definitely French.

Like any other cheese, goat changes considerably as it matures, and there is a school of goat-cheese making that goes in for little pieces that when fresh are about the size and shape of a cork. Over the weeks they shrink and harden, and good cheesemongers, or good restaurants, serve you with a selection in varying states of ripeness.

They come speared on a short straw to be eaten like a lollipop. It is hard to believe that the mature version, hard and strong, is a ripper relative of the softer fresher younger ones. They abound in the blessed Lyon region, and in Provence.

Only a few years ago I had for the first time something called Camembert de Chèvre, which seemed a sort of miracle at the time but is now to be found in supermarkets in London. It is just like ordinary Norman Camembert to look at, but with that dead-white chalky look inside and that dryness of flavour that immediately says "goat".

Once in the Beaujolais I found myself watching a herd of about 15 goats systematically "working" a hedgegrove. Oblivious of the lush grass in the meadow, they stood on each other's shoulders to chew at the foliage of the hedge, chopping their way round the field. They were very beautiful, as if designed by Picasso—racy and neat.

But why didn't they want the grass? It is true, it is not that it is the goat that has reduced the Mediterranean region from



Food for Thought

the fertility the Greeks and Romans knew to the baked aridity of today, simply by eating everything in sight?

I hope all those farmers who are raising goats for the health food market know what they're doing, or the Welsh borders will soon look like Algeria or Crete.

As if that wasn't enough, there is another problem for those raising goats for milk: what to do with the male offspring? I note that quite a few of the 24 farmers listed in "British Food Finds" as suppliers of goat cheese also figure in the fresh meat section, and there is quite a lot of kid in the shops nowadays, mainly in Cypriot areas of London.

I have never to my knowledge eaten mature goat. But kid, stewed in a goulashy manner with onion, wine and tomatoes, is very good eating—with something of the gelatinous quality of veal.

Peter Fort

Cookery  
Making a meal of crabs

THE COMMON crab familiar to Britons is at its delicious best around now—a salty-sweet treat which, happily, costs little more than £1 a pound. I look forward to it each summer: dressed simply in salads, soups, gratins, devilled and the rest.

The American speciality known as soft-shell crab is very different and quite unlike the British native crab in texture, taste and price.

Soft-shell crab is, in fact, the blue crab in its naked state: in other words, shortly after moulting when it is just out of its hard shell and so soft you can eat the whole thing, legs, claws and all. Addicts can't get enough of it.

No longer need expatriate Americans pine or British enthusiasts make the transatlantic pilgrimage. A London wholesaler, Leathams Larder, is now importing soft-shell crabs from the US.

They come in various sizes, categorised as only the Americans can do it. The smallest are called "mediums" followed by "jumbos", and finally "whales" which are more than five inches across but are not available in the UK.

Frozen "mediums" retail at about £1.05 and frozen "jumbos" at about £1.95 each. Fresh, when available, cost 30-40 per cent more. You need two "jumbos" (many Americans would insist on three) per person for a main course. I asked to sample some and a parcel of semi-frozen "jumbos" duly arrived, complete with instructions not to microwave them.

For instructions on how to cook them, I turned to a classic American cook book—the Joy of Cooking by Irma and Marion Rombauer (Dent). I simply dusted the crabs with very well-seasoned flour and sautéed them, using clarified butter as Leathams and my cookbook advise, and found that 2-3 minutes on each side was plenty.

I served them on a scant bed of lettuce; scattered them with a few snipped chives, plus some



Anna Morrow

mint and parsley; and dressed them with the pan juices swirled out with an extra knob of butter and some freshly squeezed lemon juice. This showed off well the distinctive soft texture and sweet taste of the crabs—they really are much softer, and sweeter than any other shellfish I have eaten before.

Served simply with good crusty bread on the side, they made a very agreeable meal and a pleasant change from our own native crab. I confess, however, that if asked to make a desert island choice, I would have no hesitation in opting for the latter.

My modified rapture could have something to do with the fact that the crabs were frozen. The difference between fresh and frozen is very marked indeed where other shellfish are concerned (frozen being little more than a pale shadow of the real thing) so there is every reason to suppose that fresh soft-shell crabs are deliciously superior, too.

A few other small points worth noting. The crabs are sold ready-cleaned (minus inedible gills, apron, eyes and mouth) and they are neatly, individually packaged. Like all

in order to sauté or deep-fry successfully. Have plenty of kitchen paper towels on hand to mop up the copious juices that leak out during defrosting. Cooking is blissfully quick but the crabs must be eaten as soon as they are done, so save them for informal occasions—and for times when the number of diners are few. I say this not just with cost in mind but because—unless you have an exceptionally large pan—you will have to cook them in batches of three or four at a time.

Selfridges and Harrods are the only shops stocking soft-shell crabs at present but some restaurants are taking them, too, and you should find them on the menus of the Ritz, Savoy, Claridges and Cliveden Manor.

\* Leathams Larder Ltd., 1 Bethwin Road, Camberwell, London SE1 0YJ. Tel: 01-703-7031.

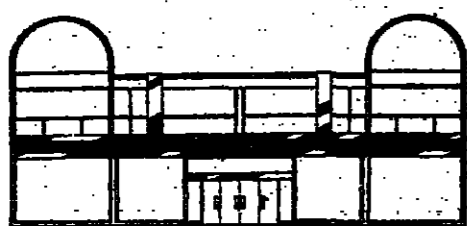
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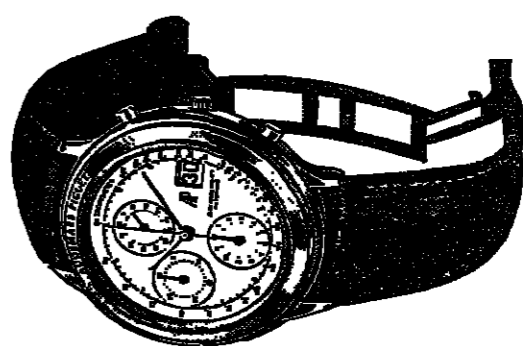
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